

Message Text

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ACTION EUR-25

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AMEMBASSY OSLO

AMEMBASSY STOCKHOLM

C O N F I D E N T I A L SECTION 1 OF 2 COPENHAGEN 3257

E.O. 11652 GDS

TAGS: PINT, PFOR,DA

SUBJ: QUARTERLY TREND REPORT - DENMARK

(FOURTH QUARTER 1973)

REF: STOESSEL LETTER OF DECEMBER 4

SUMMARY: MOST PRONOUNCED TREND ON DANISH SCENE DURING 1973 HAS BEEN CONTINUING DETERIORATION IN PUBLIC REGARD FOR INSTRUMENTS AND PERSONALITIES OF GOVERNMENT. RESULT OF DECEMBER 4 GENERAL ELECTION INDICATES DEGREE TO WHICH ESTABLISHED POLITICAL PARTIES HAVE LOST CONFIDENCE OF ELECTORATE AND RAISED POSSIBILITY OF EVENTUAL ERODING OF ESSENTIAL LEVEL OF MUTUAL TRUST AND RESPONSIVENESS BETWEEN LEADERS AND LED. WIDESPREAD DISCONTENT AMONG VOTERS WAS DRAMATIZED BY SWEEPING CHANGES IN PARLIAMENTARY REPRESENTATION, WHICH WILL PROBABLY FURTHER ACCELERATE CENTRIFUGAL FORCES IN DANISH BODY POLITIC. NOTWITHSTANDING
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GENERAL PUBLIC DISCONTENT, DANES REMAIN AMONG BETTER FED, CLAD AND HOUSED IN THE WORLD WITH REAL INCOMES, DESPITE INFLATION, RISING AT HEALTHY RATE. THE ECONOMY IS STRONG AND GROWING; STILL, IT REMAINS PLAGUED BY DISTORTIONS IN

RESOURCE ALLOCATIONS AND MISMANAGEMENT, PARTICULARLY IN VAST PUBLIC WELFARE PROGRAMS, ONE SOURCE OF PRESENT PUBLIC DISGUST WITH GOVERNMENT. SEVERAL STEPS WERE TAKEN BY GOVERNMENT EARLIER THIS YEAR TO MOVE TOWARD BETTER ECONOMIC BALANCE. PRESENT ENERGY CRISIS, UNLESS IT BECOMES MORE SEVERE, COULD PROVIDE OPPORTUNITIES TO ACCELERATE THIS MOVE. HOWEVER, TENUOUS STATE OF PRESENT POLITICAL SITUATION MAY MAKE DECISIVE ACTION BY GOVERNMENT DIFFICULT IF NOT IMPOSSIBLE.

THE DANES HAVE BEEN PREOCCUPIED RECENTLY WITH THEIR INTERNAL TROUBLES, EXCEPT OF COURSE FOR THE COMPLICATIONS INTRODUCED INTO THEIR ECONOMIC PICTURE BY THE TURMOIL IN THE MIDDLE EAST AND THE ARAB OIL EMBARGO. OTHERWISE, THERE HAS BEEN LITTLE CHANGE IN THEIR ATTITUDES ON EXTERNAL AFFAIRS, ALTHOUGH THEY ARE GRADUALLY GETTING IN STEP WITH THEIR EC PARTNERS ON A BROAD RANGE OF ISSUES. THE UNITED STATES HAS LARGELY REGAINED THE POSITION OF ESTEEM IT OCCUPIED PRIOR TO THE VIETNAM WAR, BUT MOST OF THAT RECOVERY WAS REGISTERED EARLIER THIS YEAR. END SUMMARY.

1. WHILE DANES HAVE GROWN ACCUSTOMED TO LARGE ASSORTMENT OF PERSONAL BENEFITS FROM HIGHLY-DEVELOPED WELFARE STATE, THEY HAVE BECOME INCREASINGLY VOCAL ABOUT ITS INEFFICIENCIES AND THE HEAVY TAX BURDEN THEY MUST BEAR, AS WELL AS THE MOST CONSISTENTLY HIGH INFLATIONARY PRESSURES IN EUROPE. SUCCESSIVE DANISH GOVERNMENTS HAVE PROVEN THEMSELVES UNABLE TO COPE WITH BASIC ECONOMIC PROBLEMS, WHICH SEEM LARGELY A MATTER OF RESOURCE ALLOCATION, OR WITH RESULTING CRISIS OF CONFIDENCE. SYMPTOMS OF THEIR SHORTFALL HAVE, UNTIL VERY RECENTLY, BEEN LARGELY ECONOMIC: INFLATION, HIGH TAXES, ADVERSE BALANCE OF PAYMENTS, HIGH RATES OF INTEREST, ETC. PRIMARY CAUSE APPEARS TO BE POLITICAL, HOWEVER, AS IT STEMS FROM GOVERNMENT'S INABILITY TO TAKE DIFFICULT DECISIONS TO RESTRICT ANY LINE OF EXPENDITURE WHICH IS POPULAR WITH ALMOST ANY SEGMENT OF POPULATION. FURTHERMORE, SYSTEM PROVIDES ITS OWN CONFIDENTIAL

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MOMENTUM, AS PERSONS BENEFITED FREQUENTLY CONSTITUTE PRESSURE GROUPS WHICH PUSH FOR MORE OF SAME, E.G. INCREASE IN NURSERY AND DAY CARE CENTER TEACHERS, WHO IN TURN LOBBY FOR MORE SUCH INSTITUTIONS TO BE STAFFED BY EVER LARGER NUMBER OF TEACHERS, TO POINT WHERE EXCESSIVE RESOURCES ARE DEVOTED TO THIS LIMITED, THOUGH WORTHY, SECTOR.

2. FOREIGN PRESS ACCOUNTS OF DANISH ELECTIONS HAVE TENDED TO OVER-EMPHASIZE EXTENT TO WHICH RESULTS REPRESENTED SWING TO THE RIGHT. IN REALITY, MASSES OF VOTERS, BOTH SOCIALIST AND NON-SOCIALIST, DESERTED NORMAL AFFILIATIONS TO DEMONSTRATE THEIR PROTEST AGAINST ALL

ESTABLISHED PARTIES. CONSEQUENCE HAS BEEN TO INTRODUCE INTO PARLIAMENT A VARIETY OF ESSENTIALLY ANTI-PARLIAMENTARY ELEMENTS, AMONG THEM HENRY GEORGE-ISTS AND COMMUNISTS, AS WELL AS CERTAIN OF THE MORE FANATICAL DISCIPLES OF ANTI-TAX LAWYER MOGENS GLISTRUP. ALTHOUGH REACTIONARY IN TRUEST SENSE OF THE WORD, THESE GLISTRUP-ITES CANNOT ACCURATELY BE REPRESENTED ALONG USUAL LEFT-RIGHT CONTINUUM AS THEY SEEM TO BE BASICALLY ANARCHIC IN NATURE. WHILE THEIR DRAMATIC UPSURGE COULD IN LONG RUN PROVIDE HEALTHY IMPULSE TOWARD REEVALUATING NATIONAL PRIORITIES, THEIR PRESENCE IN COUNCILS OF STATE WILL, IN SHORT RUN, ALMOST CERTAINLY MAKE DANISH GOVERNMENT EVEN LESS CAPABLE OF DEALING EFFECTIVELY WITH THE NATION'S PROBLEMS. ALTHOUGH ELECTORATE MIGHT RESPOND TO THIS CHALLENGE BY RETURNING TO FOLD OF TRADITIONALLY ACCEPTABLE PARTIES, AN EQUALLY LIKELY OUTCOME SEEMS TO BE A STILL MORE WIDESPREAD FRACTURING OF POLITICAL ALIGNMENTS AS THEY HAVE HITHERTO EXISTED.

3. IDEOLOGICAL DANGERS DO, MOREOVER, LOOM AMONG YOUNG PEOPLE, WHO SEEM SUSCEPTIBLE TO INFANTILE MALADY OF MILITANT EGALITARIANISM. MARXISM IN GENERAL ALSO HAS A CERTAIN RADICAL CHIC, PARTICULARLY WITHIN THE UNIVERSITIES, THE TEACHING PROFESSION AND THE MEDIA, NOTABLY THE RADIO AND TELEVISION SERVICE, FROM WHICH VANTAGE POINTS ITS DOCTRINES PROJECT AN INFLUENCE FAR OUT OF PROPORTION TO THEIR RELEVANCE TO THE DANISH EXPERIENCE.

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IT IS DISQUIETING, FOR EXAMPLE, THAT A LARGE PART OF THE SHARP INCREASE IN VOTES RECEIVED BY THE DANISH COMMUNIST PARTY IN THE RECENT ELECTION APPARENTLY CAME FROM YOUNG, FIRST-TIME VOTERS. THIS COMPETITION FROM NEWLY REPRESENTED COMMUNISTS HAS ALREADY BEEN FELT BY THE LEFT-WING SOCIALIST PEOPLE'S PARTY AND HAS STIMULATED AN INCREASED MILITANCE WITHIN ITS REDUCED PARLIAMENTARY GROUP. AN EVENTUAL RICOCHET EFFECT ON LEFT-WING SOCIAL DEMOCRATS MAY ALSO BE ANTICIPATED.

4. DIRECT IMPACT ON FOREIGN AFFAIRS OF DEEPENING INTERNAL POLITICAL MALAISE HAS SO FAR BEEN SLIGHT. PERCEPTIONS OF NATO REMAIN REMARKABLY STEADY, WITH RECENT POLLS SHOWING ABOUT ONE-HALF OF ELECTORATE SUPPORTING DANISH MEMBERSHIP. ABOUT ONE QUARTER ARE NOW OPPOSED, A SIGNIFICANT INCREASE OVER RECENT YEARS, WITH A CONCOMITANT REDUCTION IN NUMBER OF "DON'T KNOWS". FIGURES ARE, HOWEVER, ESSENTIALLY SAME AS THOSE RECORDED OVER 1949-1955 PERIOD.

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TRSE-00 SAJ-01 CEQ-02 EPA-04 SCI-06 DODE-00 INT-08

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5. THERE HAS BEEN SOME DISENCHANTMENT WITH EUROPEAN COMMUNITIES SINCE DANES VOTED OVERWHELMINGLY IN 1972 TO JOIN. ABOUT ONE HALF OF ELECTORATE NOW REPORTEDLY REGRET THAT DECISION, ALTHOUGH THERE IS AS YET NO SERIOUS MOVEMENT DIRECTED AT WITHDRAWAL. ANTI-BUREAUCRATIC SENTIMENTS ARE POPULAR, HOWEVER, AND ANTI-EC SPEAKERS PLAY ON THOSE FEELINGS BY PORTRAYING EC HEADQUARTERS AS MERELY A MAGIFICATION OF DENMARK'S OWN PAPER SHUFFLERS. ECONOMIC BENEFITS FROM COMMUNITY MEMBERSHIP HAVE, NEVERTHELESS, BEEN REAL AND IDENTIFIABLE. THE PUBLIC IS AWARE OF THESE AND, AS DURING THE EC REFERENDUM DEBATE, HAS NOT BEEN OFFERED A PALATABLE ECONOMIC ALTERNATIVE TO EC MEMBERSHIP.

6. IT WOULD, OF COURSE, BE A MISTAKE MERELY TO PROJECT EXISTING TRENDS INTO THE FUTURE. DECEMBER 1973 MAY REPRESENT HIGH WATER MARK OF DENMARK'S MIDDLE CLASS REVOLT. IT MAY ALSO, TOGETHER WITH ENERGY CRISIS, PROVIDE
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THE IMPETUS TOWARD A RE-EVALUATION OF NATIONAL PURPOSES AND GOALS, PARTICULARLY THE ECONOMIC DISLOCATIONS WHICH HAVE LED TO GLISTRUP-LIKE DISCONTENTS WITH TAX BURDENS AND BUREAUCRATIC INEFFICIENCIES. SOME STEPS TOWARD CORRECTING ECONOMICIMBALANCES WERE ALREADY UNDERWAY DURING THE PREVIOUS SOCIAL-DEMOCRATIC ADMINISTRATION.THE PRESENT MODERATE LIBERAL GOVERNMENT CAN BE EXPECTED TO

PROPOSE AN AGGRESSIVE ECONOMIC ACTION PROGRAM IN EARLY JANUARY TO ACCELERATE THE PROCESS. GIVEN ITS WEAKNESS AND THE PLETHORA OF PARTIES NOW IN PARLIAMENT, AN INCISIVE PROGRAM WILL BE DIFFICULT TO PRODUCE. NONETHE LESS, NATURAL FORCES AT WORK IN PRIVATE SECTOR, INCLUDING THE IMPOSED AUSTERITY AND INCREASE IN UNEMPLOYMENT EXPECTED FROM ENERGY SHORTAGES, SHOULD TAKE SOME PRESSURE OF ECONOMY, WHICH HAS BEEN STRAINING AT LIMIS OF ITS MANPOWER AND CAPACITY RESOURCES, THIS WOULD PERMIT REDIRECTING OF PRIORITIES AND, EVENTUALLY PERHAPS, ESTABLISHMENT OF BETTER BALANCED ECONOMY.

7. IN COMING MONTHS, GREATEST DANGER LIES IN WORSENING OF ENERGY SHORTAGES. PRESENT 25 PERCENT CUTS IN FUEL OIL ALLOCATIONS TO INDUSTRY, ALTHOUGH CAUSING SOME HARDSHIPS, ARE CONSIDERED TOLERABLE. SHOULD FURTHER CUTS BE REQUIRED, DIFFICULT DECISIONS WOULD BE NECESSARY ON SELECTIVE ALLOCATIONS TO INDUSTRIES, BASED ON CONSIDERATIONS OF DOMESTIC AND EXPORT NEEDS, EMPLOYMENT EFFECTS AND ANTICIPATED DURATION OF SHORTAGES. WHILE QUESTION WOULD THEN BE THROWN SQUARELY INTO POLITICAL ARENA FOR URGENT AND PAINFUL DECISIONS WHICH PRESENT NARROWLY-BASED MINORITY GOVERNMENT IS ILL-EQUIPPED TO MAKE. AT THAT POINT, COUNTRY WOULD BE IN REAL DANGER OF SEVERE CONFRONTATIONS AMONG LABOR, MANAGEMENT AND GOVERNMENT, WHICH COULD LEAD TO FURTHER DISINTEGRATION OF DANISH SOCIAL FABRIC. DANES HAVE WELL ESTABLISHED REPUTATION FOR ADAPTABILITY AND WILL DOUBTLESS MUDDLE THROUGH AGAIN SOMEHOW. EMBASSY'S AGREED ASSESSMENT IS, HOWEVER, THAT THINGS ARE LIKELY TO GET WORSE BEFORE GETTING ANY BETTER.

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